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INTERNAL SERVICES DEPARTMENT

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"To enrich lives through effective and caring service"

June 14, 2012

To: Supervisor Zev Yaroslavsky, Chair
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: Tom Tindall
Director

A handwritten signature in black ink that reads "Tom Tindall".

Subject: **ENERGY UPGRADE CALIFORNIA – LOS ANGELES COUNTY
STATUS REPORT (RESPONSE TO ITEM 15, AGENDA OF MARCH 6,
2012)**

On March 6, 2012, your Board, on motion of Supervisor Yaroslavsky, instructed the Chief Executive Office (CEO) and the Director of the Internal Services Department (ISD) to:

1. Maintain data, which shall be updated as often as feasible but no less than once per month, showing the number of participants within each component subprogram of Energy Upgrade California – Los Angeles County (EUCLA), including data showing the number of participants who have, within each subprogram: (a) applied for participation in each of the respective sub-programs, (b) received approval of their application, (c) begun physical improvements of their home / commercial location (where applicable), (d) completed physical improvements (where applicable), and (e) received rebate checks or otherwise successfully finished their participation in the program;
2. Establish goals for the number of total participants over the life of the program for EUCLA overall and within each subprogram;
3. Establish benchmarks by month for EUCLA overall and within each subprogram by which the progress of the total program and each subprogram shall be measured;

4. Maintain a narrative description, which shall be made available to the Board of Supervisors no less than once per month, of the steps taken to improve performance of EUCLA overall and for any subprogram in any month in which the benchmarks established in #3 are not met for EUCLA overall and for each subprogram, potentially including, as the CEO and Director of ISD deem appropriate, a reallocation of resources from underperforming subprograms to subprograms that are meeting or exceeding benchmarks.

This memorandum provides the fourth status report on the EUCLA program, updated through May, 2012.

Attachment I reflects continued growth in FlexPath program participation. The attachment also provides graphics and narrative illustrating the number of applications received, applications approved, projects completed and incentive checks issued for the Advanced/Basic/FlexPath subprograms. The narrative describes recent program changes, lessons learned and program revisions to increase program participation and/or reallocate resources.

ISD continues to work closely with grantor agencies, the energy contractor community, finance professionals, and the project team to design initiatives to increase program participation. EUCLA will continue to adapt as the energy efficiency market develops.

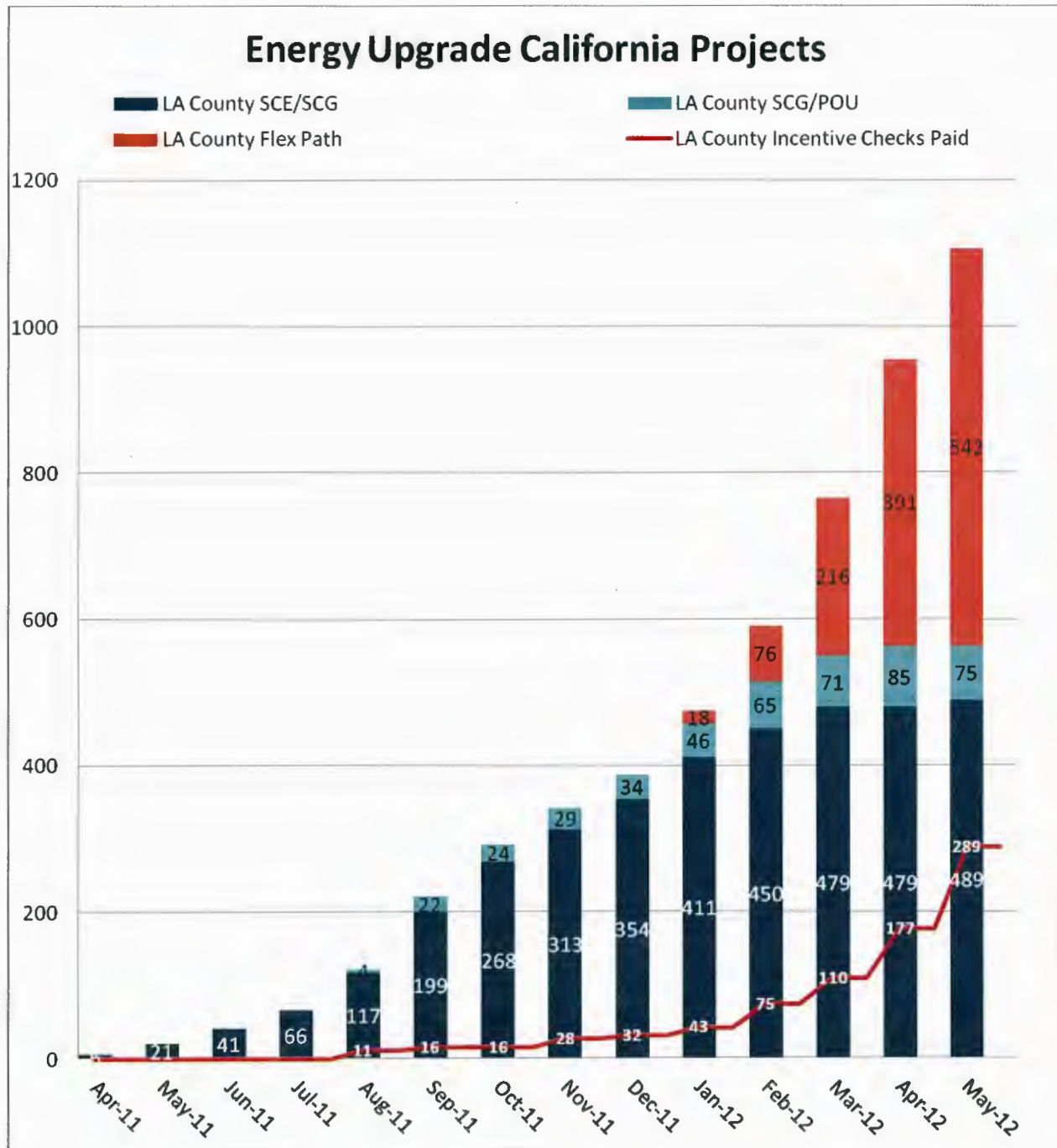
If you have any questions, please contact me at 323-267-2101.

TT:JJ:HC:TW

c: ISD Board deputies
Chief Executive Officer
Executive Officer, Board of Supervisors
Deputy CEO

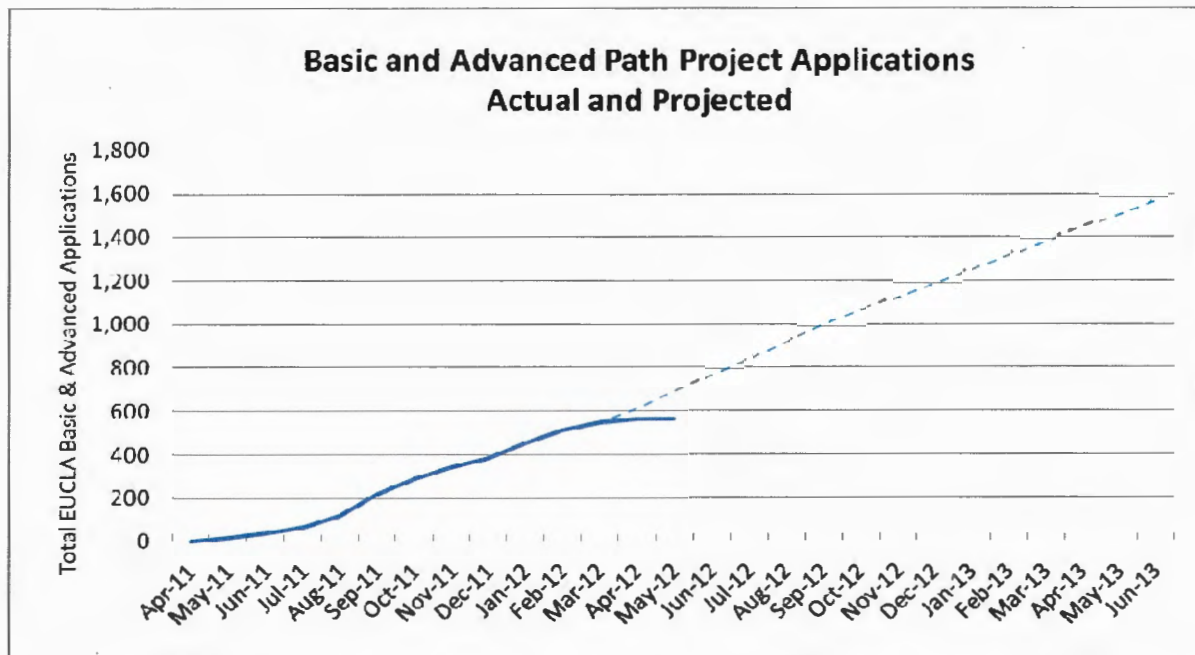
Monthly EUCLA Graphics/Narrative – Through June 1, 2012

Following are status charts for the Energy Upgrade California in Los Angeles County (EUCLA) program and its subprograms. Also included is a Major Activities narrative summarizing significant program accomplishments, and a section identifying program issues, and corrective actions.

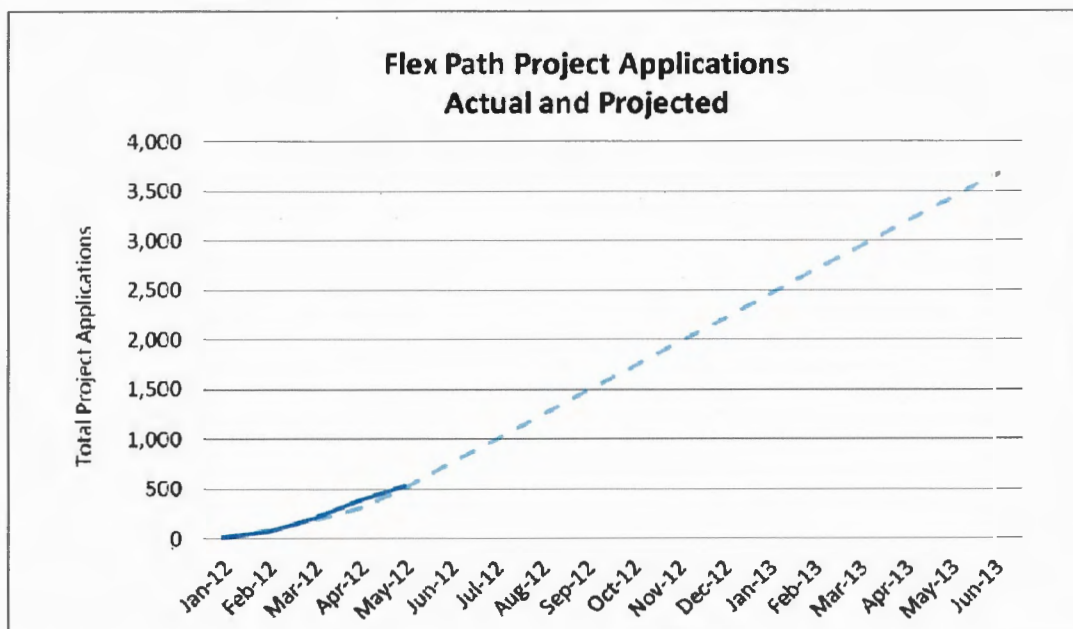


ALTHOUGH ADVANCED AND BASIC PROJECTS HAVE ESSENTIALLY STALLED, FLEXPATH PROJECTS HAVE CONTINUED TO INCREASE, AND PROCESSING OF INCENTIVES TO HOMEOWNERS HAS INCREASED SIGNIFICANTLY.

Monthly EUCLA Graphics/Narrative – Through June 1, 2012

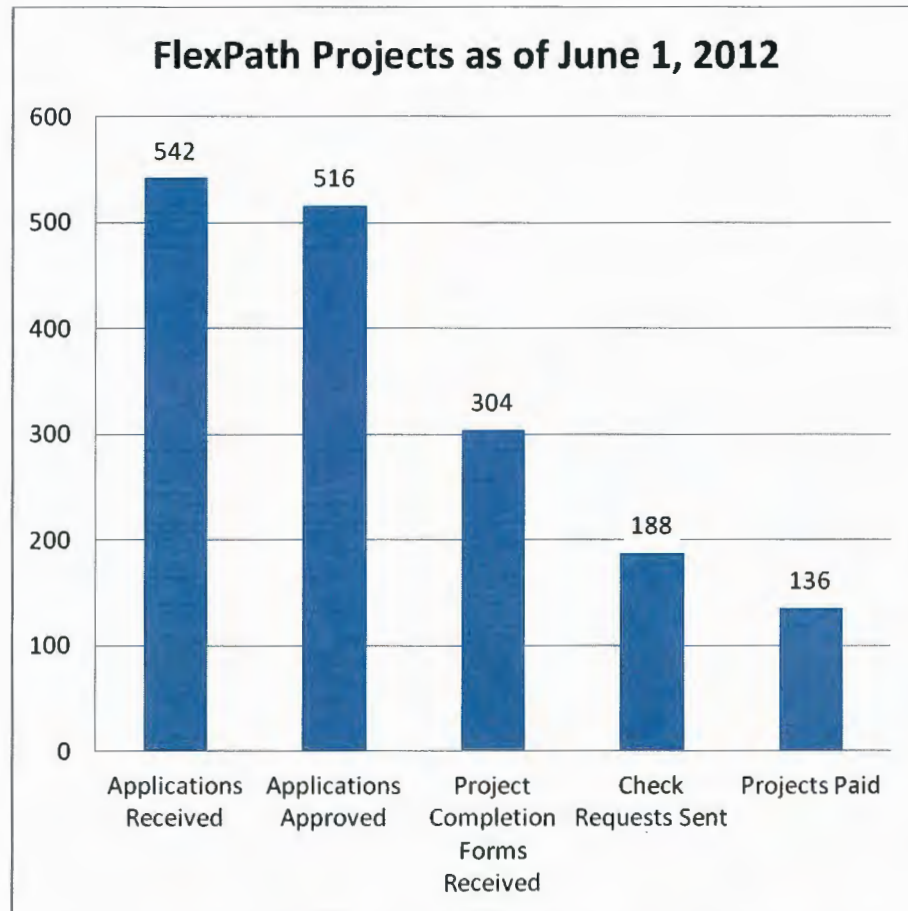


THIS IS A COMBINED TOTAL OF ALL BASIC AND ADVANCED PATH PROJECT APPLICATIONS THAT WERE SUBMITTED UNDER THE SCE/SCG PROGRAM (NOT INCL. FLEXPATH). IN THE MONTH OF MAY, FOLLOWING THE EXAMPLE OF SCE FROM APRIL, SCG PERFORMED A SUMMARY REVIEW OF PROJECT APPLICATIONS THAT HAD BEEN ON-HOLD/PENDING FOR LONG PERIODS AND CANCELED A NUMBER OF THEM ALL AT ONCE. ALTHOUGH THERE WERE 10 NEW ADVANCED APPLICATIONS IN THE MONTH OF MAY, THEY WERE EFFECTIVELY CANCELED OUT BY THE SAME NUMBER BEING REMOVED FROM SCG PENDING STATUS.



THIS SHOWS THE TOTAL OF ALL FLEXPATH PROJECT APPLICATIONS SUBMITTED AS OF END OF MAY. TOTAL APPLICATIONS HAVE SURPASSED OUR ORIGINAL PILOT PROGRAM TARGET OF 500 PROJECTS. THE PROGRAM TARGET IS NOW BEING INCREASED TO 1,500 PROJECTS.

Monthly EUCLA Graphics/Narrative – Through June 1, 2012

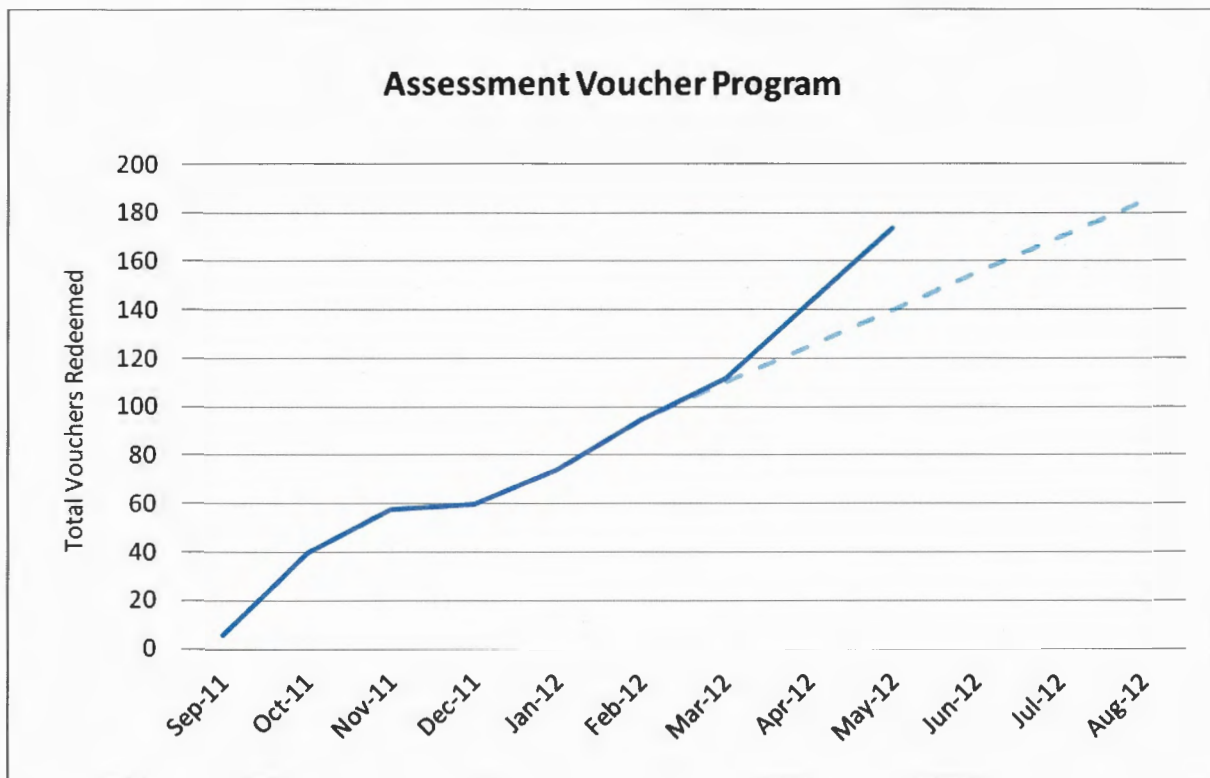


THIS SHOWS CUMULATIVE TOTALS FOR THE FLEXPATH PROGRAM THROUGH THE END OF MAY. PROCESSING TIME FOR APPLICATION APPROVAL IS AVERAGING 3 DAYS, AND PROCESSING OF COMPLETION FORMS TO ISD RECEIPT OF REQUEST FOR INCENTIVE PAYMENT IS AVERAGING ONLY 8 DAYS.

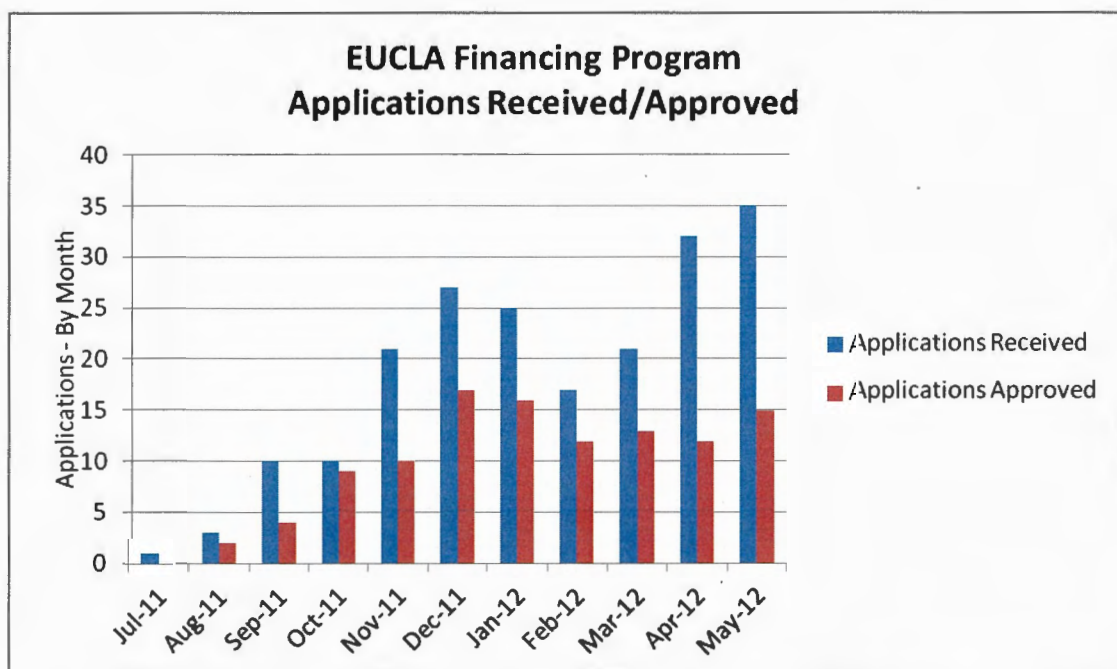
Breakdown of Upgrade Projects and Cost/Savings				
Project Breakdown - LA County	Number of Projects	Average Energy Savings	Average Cost	Average Rebate (Utility + LA County)
Advanced - 49% of Projects	540	27%	\$12,817	\$4,877
Basic - 2% of Projects	24	10%	\$4,475	\$2,000
Flex - 49%	542	16.7%	\$4,763	\$1,500*

**This incentive is paid by LA County only. Some Utility single measure rebates may be added.*

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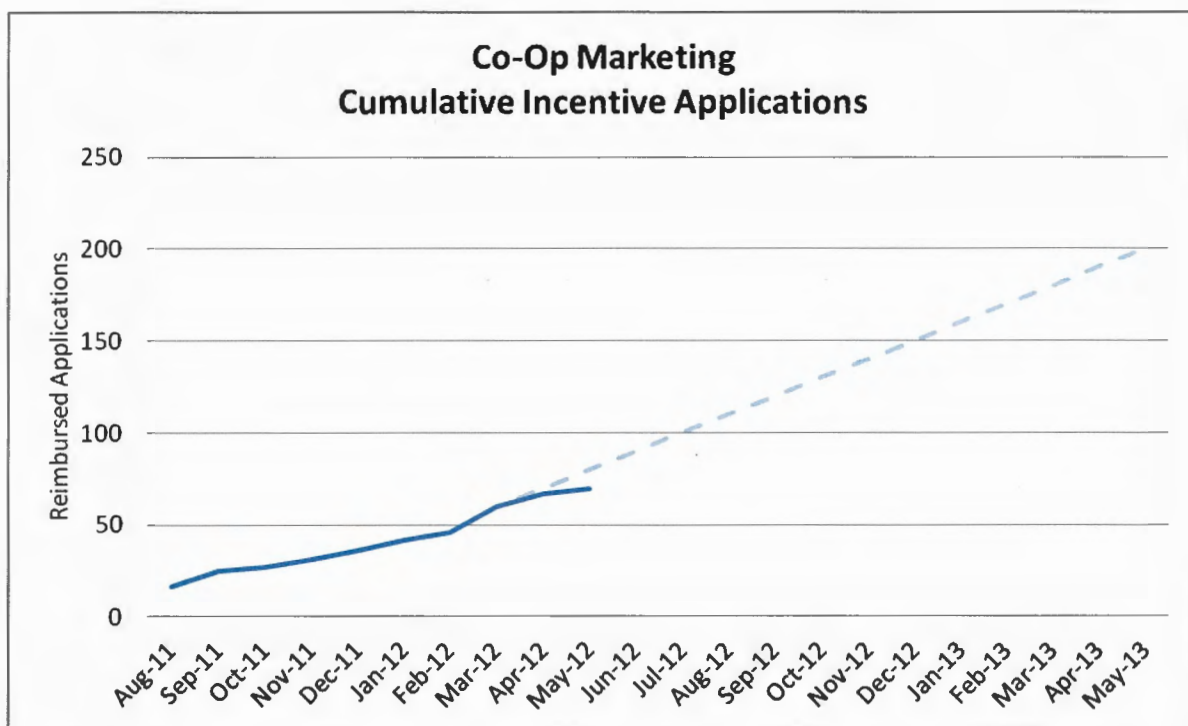
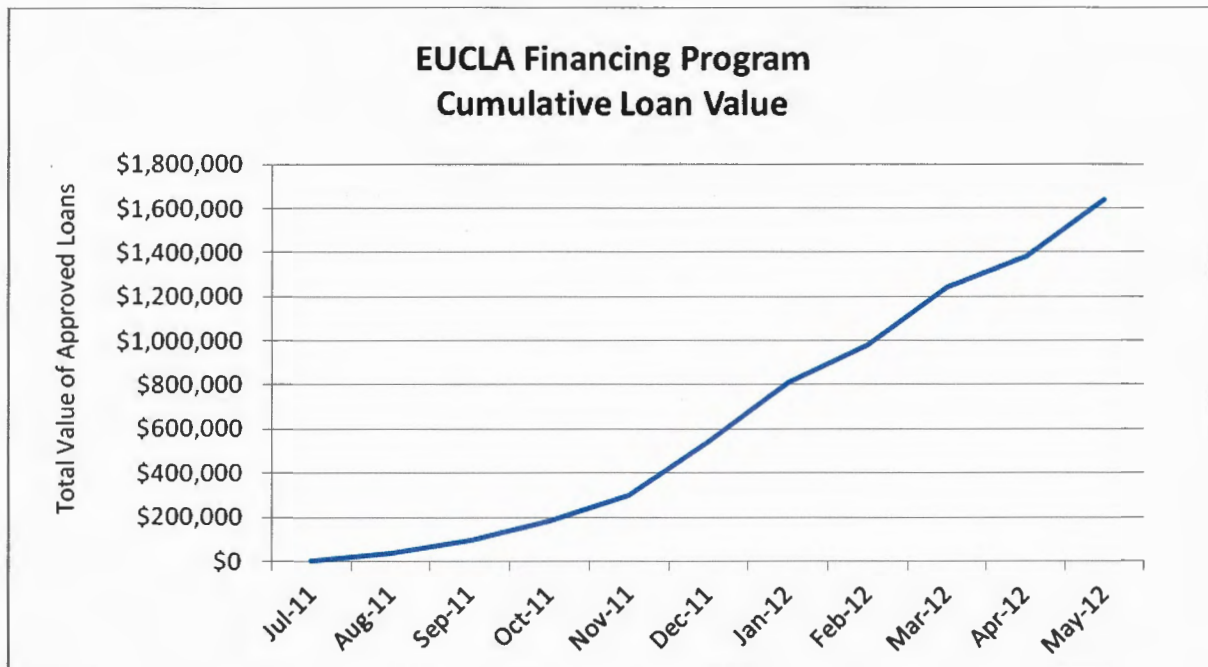


ASSESSMENT VOUCHERS CONTINUE TO BE VERY POPULAR WITH HOMEOWNERS.



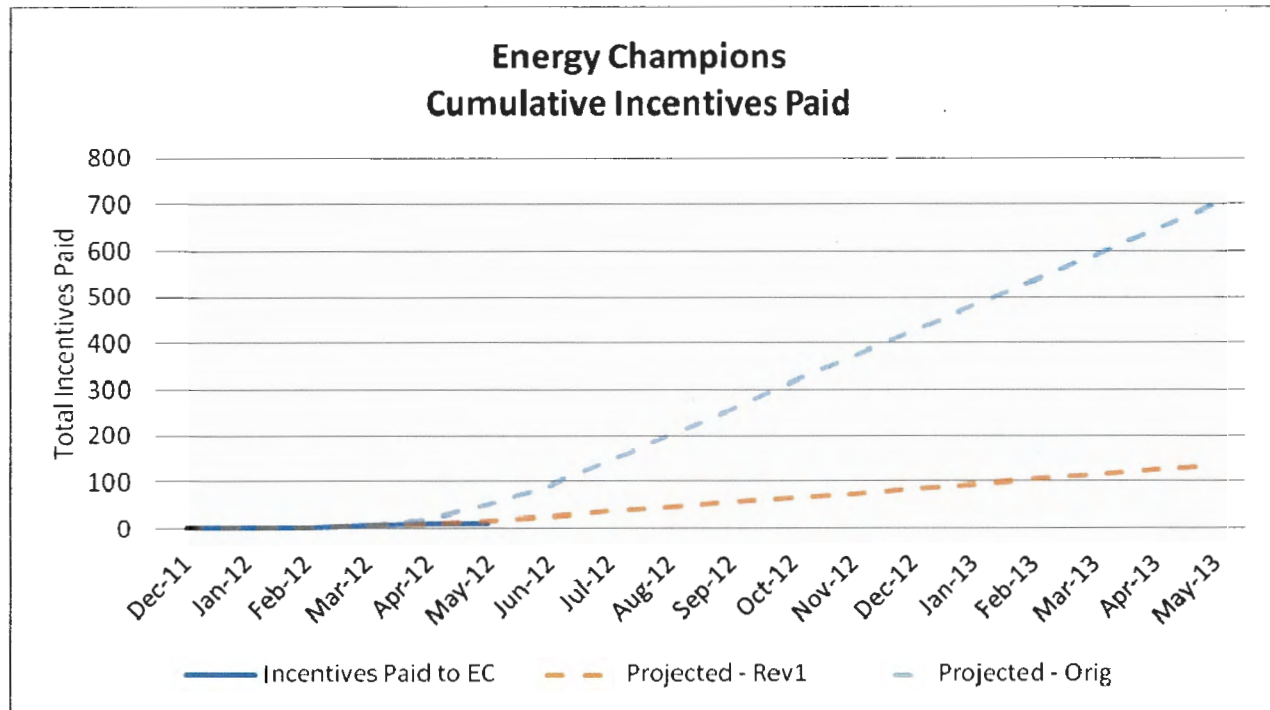
LOAN APPLICATIONS CONTINUE TO PERFORM WELL. THE MAJORITY OF APPLICATIONS ARE STILL TAKING ADVANTAGE OF THE 2% INTEREST RATE PROGRAM, AND FLEXPATH PROJECTS ARE BEING FINANCED AS WELL.

Monthly EUCLA Graphics/Narrative – Through June 1, 2012



CO-OP MARKETING APPLICATIONS ARE STILL BELOW PROJECTIONS. MAJOR REVISIONS IN EUCLA MARKETING, HAS CAUSED CONTRACTORS TO DELAY ORDERING ADDITIONAL MARKETING MATERIALS OF THEIR OWN, BUT THERE WERE STILL ADDITIONAL PARTICIPANTS AND APPLICATIONS IN THE MONTH OF MAY.

Monthly EUCLA Graphics/Narrative – Through June 1, 2012



ENERGY CHAMPIONS HAS SEEN LOWER THAN EXPECTED NUMBERS OF APPLICATIONS. AS A RESULT, REVISIONS TO THE PROGRAM ARE BEING IMPLEMENTED, AND THIS CHART HAS BEEN REVISED TO REFLECT ADJUSTED PROJECTIONS. ATTRIBUTION OF PROJECTS TO ELIGIBLE CHAMPIONS SHOULD INCREASE IN COMING MONTHS AS PROJECTS ARE COMPLETED AND VERIFIED BY SCE.

Major activities for the month of May, 2012

1. FlexPath has now received 542 total project applications as of May 31, 2012. This program was implemented with an initial target of 500 projects, which has now been exceeded, and interest continues to increase. The program capacity has now been expanded with a new maximum of 1,500 projects.
2. In the month of May, the Energy Champions program verified the completion of an additional 2 projects for a total of 16 completed, out of 71 submitted to date. The most active Champions in this program have become the focus of available resources, in an effort to drive more participation, and to assist with information and processing of projects. (See additional narrative in the last section)
3. The HVAC Contractor Outreach Pilot kicked off its incentive program on April 27, 2012. Twenty-two EUC participating contractors have elected to participate in this pilot, and another seven are in the application process. A total of nine projects have been submitted for approval, two of which were approved and incentive checks issued.

Monthly EUCLA Graphics/Narrative – Through June 1, 2012

4. The Multifamily program now has twelve projects, consisting of 960 total units that have been approved and are in various stages of planning for construction. There are additional projects, previously on a wait-list that will now have available funding, as COS is reallocating funds from the Energy Champions program. The reallocation will move an additional \$500,000 into the Multifamily program, for incentive payments, which will allow the wait-listed projects to proceed.

Lessons learned and/or actions taken to improve results

1. Based on a recent Decision issued by the Public Utilities Commission, which includes potential program opportunities for local governments, COS is reevaluating incentive budgets and spend plans for the FlexPath program, as well as the matching Basic and Advanced incentives for EUC. A schedule for reducing and/or ending supplemental incentives from the County is being developed, in order to maximize the effectiveness of remaining grant funds.
2. In evaluating the status of the Energy Champions (EC) program, COS has determined that attempting to educate and support in excess of 100 Champion organizations at one time, with very limited resources, was not feasible, nor was it resulting in the anticipated number of retrofit projects. The majority of the Champions have demonstrated little more than an initial curiosity, and then become inactive and disinterested. In addition, the program budget for education and outreach to the enlisted organizations is nearly exhausted, and with this in mind COS has identified approximately 20 organizations that have not only demonstrated continued interest and program understanding, but have also submitted at least one upgrade project for approval. Therefore, providing continued support should require only minimal resources.
3. Based on the number of EC projects submitted thus far (71) and the time left in the program (June 2013), it seems unlikely the program will realize a total of more than 200 projects, thus the revised projections in the chart on page 6. Because there is little apparent potential for utilizing the budget amount for incentive payments in the EC program, COS is reallocating \$500,000 to the incentives budget for the Multifamily program (Activity item number 4 in the previous section).